

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814

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March 16, 1984

ALL-COUNTY LETTER NO. 84-36

TO: ALL-COUNTY WELFARE DIRECTORS

SUBJECT: FOOD STAMP REGULATIONS: FRAUD DISQUALIFICATION AND OVERPAYMENT
RECOVERY REGULATIONS - ORD #783-47

This is to inform you of proposed state regulations which implement federally mandated provisions regarding fraud disqualification and overpayment recovery. These state regulations are being processed emergency and were sent to the Office of Administrative Law (OAL) March 2, 1984. It is anticipated that the regulations will be filed with the Secretary of State March 12, 1984, to become effective for all new applications April 1, 1984. A copy of the filed regulations will be sent to the CWDs as soon as they are filed with the Secretary of State.

The significant changes to current regulations are as follows:

- o The term fraud has been changed to Intentional Program Violation (IPV)
- o Intentional Program Violation is defined as any intentional action by an applicant/recipient that is in violation of the regulations. This replaces the previous definition of fraud contained in current regulations Section 63-801.41.
- o IPV disqualification periods are revised to 6 months, 12 months, and permanent disqualification for the first, second and third offenses, respectively. Recipient notification of the penalties prior to applying them is required. Since the application revision of March 1, 1983 and a notice used by CWDs in December 1982 includes an appropriate penalty statement; all current and new applicants/recipients will have been informed. If, however, it is discovered that a particular household has not been notified, notification of the penalties must occur prior to effecting disqualification of any member of that household.

- o A new reporting system to facilitate the exchange of disqualification data must be implemented. These reporting requirements will become effective April 1, 1984. By June 1, 1984, CWDs must report the following information concerning individuals disqualified under the former fraud disqualification regulations (back to March 1, 1979):
 - 1. The individual's social security number, date of birth, and full name.
 - 2. The number of disqualification (1st, 2nd, 3rd).
 - 3. The county in which the disqualification took place.
 - 4. The date on which the disqualification took effect.
 - 5. The length of the disqualification period imposed.

This system is designed to share information from other project areas throughout the nation to ensure that the proper disqualification periods are enacted. Information regarding the necessary forms and instructions to implement this reporting system are being developed by the Fraud Program Management Bureau and will be sent to CWDs in April 1984.

- o Allotment reduction for inadvertent household error claims is required under certain circumstances. This is applicable to only those claims established after the effective date of these regulations, April 1, 1984.
- o Offsetting any unpaid claim against any restoration of lost benefits is required.
- o Expands the current fraud renegotiation provisions to inadvertent household error.
- o Specifies the overissuance recovery requirements for sponsored aliens and their sponsors, and
- o Requires that the income of individuals disqualified for Intentional Program Violation be counted in its entirety to the remaining household members.

Form and Notice Changes

The following program notices and forms are being revised. It is expected that masters (both English and Spanish) and instructions will be sent to CWDs by March 16, 1984:

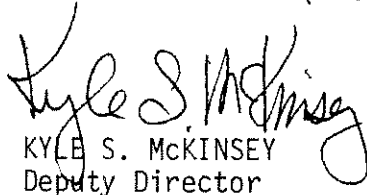
- DFA 377.6 - Food Stamp Notice of Request for Repayment of Extra Food Stamps (Will be obsolete)
- DFA 377.7A - Food Stamp Notice of Action Taken on Your Fraud Hearing
- DFA 377.7B - Food Stamp Fraud Repayment Notice
- DFA 377.7C - Food Stamp Fraud Repayment Agreement
- DFA 842 - Claim Determination Worksheet (Revised instructions only)

Report Changes

The DFA 209 (CA 209) Status of Claims Against Households Report is also being revised. The Fiscal Policy and Procedures Bureau will be sending the revision and related instructions to the CWDs in April 1984.

It is important to note that the only items that are being required are those that are federally mandated or are items necessary to implement the federal mandates. There are numerous options in the federal regulations which will be carefully reviewed, input obtained from CWDs and some or all of the options implemented through the regular regulation process.

Should you have any questions, please contact the Food Stamp Policy Implementation Bureau at (916) 445-6907.


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Deputy Director

cc: CWDA